

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

Audited Financial Statements
for the Year Ended
June 30, 2008



DATE RECEIVED:



AUDIT REVIEW #(s) 04364

Assigned To: Le Claire

Date Reviewed: 1/6/09

Reviewer's Initials: my

Date Review(s) Completed: 1/6/09

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Project Sister Family Services
Pomona, California

We have audited the accompanying statement of financial position of Project Sister Family Services (A California nonprofit corporation) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Sister Family Services as of June 30, 2008, and the results of its activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2008, on our consideration of the organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this reporting in considering the results of our audit.

Board of Directors
Project Sister Family Services

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures by cost category - OES grants is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


VICENTI, LLOYD & STUTZMAN LLP

December 10, 2008

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION
June 30, 2008

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 72,757
Grants receivable	75,601
Accounts receivable	8,400
Prepaid expenses	<u>9,057</u>
Total current assets	<u>165,815</u>

NONCURRENT ASSETS:

Deposits	6,536
Equipment (net of accumulated depreciation)	<u>3,641</u>
Total noncurrent assets	<u>10,177</u>
 Total assets	 <u><u>\$ 175,992</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 2,646
Accrued liabilities	<u>30,285</u>
Total liabilities	<u>32,931</u>

NET ASSETS:

Unrestricted	<u>143,061</u>
Total net assets	<u>143,061</u>
 Total liabilities and net assets	 <u><u>\$ 175,992</u></u>

The accompanying notes are an integral part of these financial statements.

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND PUBLIC SUPPORT:			
Federal and state revenue	\$ 436,398	\$ -	\$ 436,398
City revenue	14,950		14,950
United Way	35,052		35,052
Contribution revenue	213,123		213,123
Fundraising revenue	21,439		21,439
Interest revenue	891		891
Program service fees	45,093		45,093
Net assets released from restriction	<u>17,917</u>	<u>(17,917)</u>	<u>-</u>
Total revenues and public support	<u>784,863</u>	<u>(17,917)</u>	<u>766,946</u>
EXPENSES:			
Program services	609,309		609,309
Management and general	79,707		79,707
Fundraising	<u>48,230</u>		<u>48,230</u>
Total expenses	<u>737,246</u>	<u>-</u>	<u>737,246</u>
Change in net assets	47,617	(17,917)	29,700
Net assets - beginning of year	<u>95,444</u>	<u>17,917</u>	<u>113,361</u>
Net assets - end of year	<u>\$ 143,061</u>	<u>\$ -</u>	<u>\$ 143,061</u>

The accompanying notes are an integral part of these financial statements.

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 29,700
Adjustments to reconcile change in net assets to net cash used by operations:	
Depreciation	2,947
(Increase) decrease in operating assets:	
Accounts receivable	(8,400)
Grants receivable	(26,287)
Prepaid expenses	3,872
Increase (decrease) in operating liabilities:	
Accounts payable	(5,884)
Accrued liabilities	(507)
Net cash used by operating activities	(4,559)
Net decrease in cash and cash equivalents	(4,559)
Cash and cash equivalents at beginning of year	<u>77,316</u>
Cash and cash equivalents at end of year	<u><u>\$ 72,757</u></u>

SUPPLEMENTARY CASH FLOW INFORMATION:

Interest paid	<u><u>\$ 1,657</u></u>
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The accompanying notes are an integral part of these financial statements.

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities - Project Sister Family Services is organized to provide assistance to child and adult survivors of sexual assault and to reduce the incidence of sexual assault and child abuse in the surrounding communities. Services are provided through a 24-hour crisis assistance hotline, counseling and support groups, community outreach, education and self-defense instruction, and other services. All services are provided regardless of race, sex, age, religious beliefs, disability, or sexual orientation.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Project Sister Family Services and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. As of June 30, 2008, there were no temporarily restricted net assets.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Project Sister Family Services had no permanently restricted net assets as of June 30, 2008.

Net assets released from restrictions consisted entirely of program services.

Contributions and Contributed Services - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

During the year ended June 30, 2008 the value of in-kind contributed services meeting the requirements for recognition in the financial statements was \$54,373 and has been recorded.

Use of Accounting Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates.

Equipment - Equipment is stated at cost and depreciated utilizing the straight line method over three and five year periods. Project Sister Family Services' policy is to capitalize any assets greater than or equal to \$1,000 which have an expected useful life greater than one year.

Income Taxes - Project Sister Family Services is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and by California Revenue and Taxation Code Section 23701d.

Cash and Cash Equivalents - For purposes of the statement of cash flows, Project Sister Family Services considers all highly liquid investments with maturity of three months or less to be cash equivalents.

NOTE 2 - CONCENTRATION OF CREDIT RISK:

Project Sister Family Services occasionally has a need to maintain a cash balance with a single financial institution in excess of \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2008, there were no amounts in excess of the FDIC limit. Effective October 3, 2008 the FDIC insurance level increased to \$250,000.

NOTE 3 - EQUIPMENT AND DEPRECIATION:

Equipment at June 30, 2008 consists of the following:

Office equipment	\$98,230
Less: Accumulated depreciation	<u>94,589</u>
Total	<u>\$ 3,641</u>

Depreciation expense was \$2,947 for the year ended June 30, 2008.

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4 - LINE OF CREDIT:

Project Sister Family Services has a \$100,000 line of credit with Bank of America. The credit line has a variable interest at the reference rate plus 3.35%. Project Sister Family Services had no outstanding balance at June 30, 2008.

NOTE 5 - FACILITIES RENTAL AGREEMENT:

Project Sister Family Services has entered into a thirty-six month lease agreement commencing November 1, 2007 and terminating October 31, 2010. The future minimum lease payments are as follows:

Year Ended <u>June 30,</u>	
2009	\$ 63,474
2010	<u>66,156</u>
Total	<u>\$129,630</u>

During the year ended June 30, 2008, rental expense under the lease was \$58,883.

SUPPLEMENTARY INFORMATION

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA</u>	<u>Pass-Through Entity</u>	<u>Expenditures</u>
U.S. Department of Justice:			
Office of Emergency Services - Criminal Justice Program Division			
Sexual Assault Victim Services & Prevention Program RC 06181325	16.575	N/A	\$ 171,374
Total U.S. Department of Justice			<u>171,374</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grants			
City of Pomona	14.218	N/A	8,890
City of Covina	14.218	N/A	900
City of Chino	14.218	N/A	3,459
City of Chino Hills	14.218	N/A	2,872
City of Upland	14.218	N/A	1,250
City of Glendora	14.218	N/A	1,789
City of Baldwin Park	14.218	N/A	11,493
City of West Covina	14.218	N/A	4,360
City of Rancho Cucamonga	14.218	N/A	9,857
City of Whittier	14.218	N/A	<u>3,000</u>
Total U.S. Department of Housing and Urban Development			<u>47,870</u>
Total Federal Awards			<u>\$ 219,244</u>

N/A - Not applicable and/or not available.

See Independent Auditors' report.

PROJECT SISTER FAMILY SERVICES
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SCHEDULE OF EXPENDITURES BY COST CATEGORY - OES GRANTS
For the Year Ended June 30, 2008

<u>Grant Identification Number</u>	<u>Federal</u>	<u>State</u>	<u>Local Match</u>	<u>Total Expenditures</u>
RC 061811325				
Personnel Services	\$ 103,527	\$ 46,770	\$ 42,844	\$ 193,141
Operating Expenses	<u>67,847</u>	<u>15,840</u>	<u></u>	<u>83,687</u>
	<u>\$ 171,374</u>	<u>\$ 62,610</u>	<u>\$ 42,844</u>	<u>\$ 276,828</u>

See Independent Auditors' report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Project Sister Family Services
Pomona, California

We have audited the financial statements of the Project Sister Family Services as of and for the year ended June 30, 2008, and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Project Sister Family Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project Sister Family Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Project Sister Family Services' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

REPORT ON INTERNAL CONTROL OVER FINANCIAL

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Project Sister Family Services' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Project Sister Family Services' financial statements that is more than inconsequential will not be prevented or detected by the Project Sister Family Services' internal control. We consider the deficiency described in the accompanying schedule of finding and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Project Sister Family Services' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project Sister Family Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management of the Project Sister Family Services, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


VICENTI, LLOYD & STUTZMAN LLP

December 10, 2008

PROJECT SISTER FAMILY SERVICES
(A California Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008

Finding: 2008-1: Internal control over closing procedures

Finding: We noted that improvements can be made in internal control over closing procedures relating to revenue accruals. Although Project Sister Family Services has a formal closing process in place, several adjustments were necessary in the audit process to bring the financial statements in accordance with Generally Accepted Accounting Principles.

Recommendation: We recommend Project Sister Family Services makes improvements to the closing process to avoid material misstatements in the financial statements, ensure the proper recording of revenue accruals, and facilitate an accurate cut off to record transaction in the proper period.

Project Sister Family Services' Response: Finding is noted and next year we will delineate a closing date and ensure the proper recording of revenue accruals, rather than leaving this task for adjustment during the audit process.